

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION  
AT RICHMOND, FEBRUARY 18, 2022

SCC-CLERK'S OFFICE  
CONSENT CONTROL CENTER

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APPLICATION OF

VIRGINIA NATURAL GAS, INC.

CASE NO. PUR-2022-00011

For approval of an amendment to its conservation  
and ratemaking efficiency plan

ORDER FOR NOTICE AND COMMENT

On January 28, 2022, pursuant to Chapter 25 of Title 56 of the Code of Virginia, §§ 56-600 *et seq.* ("CARE Act"), the Rules Governing Utility Rate Applications and Annual Informational Filings of the State Corporation Commission ("Commission"),<sup>1</sup> and the Commission's April 12, 2019 Final Order issued in Case No. PUR-2018-00194,<sup>2</sup> Virginia Natural Gas, Inc. ("VNG" or "Company"), by counsel, filed an application ("Application") for approval to amend and extend its current natural gas conservation and ratemaking efficiency plan ("CARE Plan"). VNG refers to its currently approved CARE Plan as Phase 4 and the amendment requested in the Application as Phase 5. Pursuant to Code § 56-602 B, the Commission is required to approve or deny the Application within 120 days.

In its Application, the Company proposes to extend the main components of Phase 4 and allow customers to continue to have the opportunity to participate. Additionally, VNG proposes to (1) diversify and stratify the rebates available to customers under the Residential Home Incentive program by adding rebates for tankless water heaters as well as incorporating two-tier rebate levels for the tankless water heater and furnace rebates, (2) update the Home Energy Audit

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<sup>1</sup> 20 VAC 5-201-10 *et seq.*

<sup>2</sup> *Application of Virginia Natural Gas, Inc., For approval of an amendment to its conservation and ratemaking efficiency plan*, Case No. PUR-2018-00194, 2019 S.C.C. Ann. Rept. 325, Final Order (Apr. 12, 2019).

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Program to offer three different kits to customers throughout Phase 5 instead of having only one kit available each year and rotating the kit contents as is currently done in Phase 4, and (3) add a Home Energy Report Program and a Low-Income Home Energy Report Program (together, the "HER Programs") which are behavioral energy efficiency programs designed to help customers reduce their energy needs by encouraging them to alter their natural gas usage habits through positive reinforcement.<sup>3</sup>

The Company states that the proposed increase in the overall budget from Phase 4 to Phase 5 is projected to go from \$1.35 million to \$3.1 million.<sup>4</sup> The Company represents that the typical residential customer will see a monthly bill increase of approximately \$0.17 per month, compared to the current Phase 4 program, and that the overall cost of the program will be below \$4 per year for a typical residential customer.<sup>5</sup>

In its Application, the Company states that its only proposed modification to the Company's Commission approved CARE Plan decoupling and program cost recovery mechanism, designated Rider D,<sup>6</sup> is a change in the per CCF rate cap from \$0.09 to \$0.13 based on the rates approved in VNG's most recent base rate case, Case No. PUR-2020-00095.<sup>7</sup>

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<sup>3</sup> Application at 3.

<sup>4</sup> *Id.* at 10; Pre-filed Direct Testimony of Tyler W. Lake at 9.

<sup>5</sup> Pre-filed Direct Testimony of Robert S. Duval at 4-5.

<sup>6</sup> Rider D is designed to adjust sales consistent with the CARE Act and only applies to VNG's residential customers taking service on Rate Schedule 1 (Residential Firm Gas Sales Service) and Rate Schedule 3 (Residential Air Conditioning Firm Gas Sales Service). VNG is proposing to remove Rate Schedule 3 from the CARE Program, because it is a closed rate schedule for residential customers with gas-fired air conditioning. Pre-filed Direct Testimony of Ashley K. Vette at 7.

<sup>7</sup> Pre-filed Direct Testimony of Ashley K. Vette at 4. *See Application of Virginia Natural Gas, Inc., For a general rate increase and for authority to revise the terms and conditions applicable to natural gas service*, Case No. PUR-2020-00095, Doc. Con. Cen. No. 210930005, Final Order (Sept. 14, 2021).

If approved by the Commission, the Company proposes to implement its amended CARE Plan effective June 1, 2022, for the three-year period ending May 31, 2025.<sup>8</sup> In its Application, the Company asserts that the amended CARE Plan will have no impact on the rate design previously adopted by the Commission.<sup>9</sup>

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that the matter should be docketed; the Company should provide public notice of its Application; interested parties should have an opportunity to file comments on the Application, participate as a respondent in this proceeding, or request that a hearing be convened; the Staff of the Commission ("Staff") should be directed to investigate the Application and file a report on its findings and recommendations ("Staff Report"); the Company should have an opportunity to respond to any comments, requests for hearing, and the Staff Report; and a Hearing Examiner should be assigned to rule on any discovery matters that may arise during the course of this proceeding.

The Commission takes judicial notice of the ongoing public health issues related to the spread of the coronavirus, or COVID-19. The Commission has taken certain actions, and may

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<sup>8</sup> Application at 1.

<sup>9</sup> *Id.* at 2.

take additional actions going forward, which could impact the procedures in this proceeding.<sup>10</sup>

Consistent with these actions, in regard to the terms of the procedural framework established below, the Commission will, among other things, direct the electronic filing of testimony and pleadings unless they contain confidential information, and require electronic service on parties to this proceeding.

We note that the Application, if approved, would result in an increase to customer bills. We realize that the ongoing COVID-19 public health issues have caused devastating economic effects that impact utility customers. We have responded to this economic emergency by, among other actions, directing Virginia utilities to offer extended payment plans, without late fees for those who are current on such plans, to protect customers from service disconnection. We are sensitive to the effects of rate increases, especially in times such as these. The Commission, however, must and will follow the laws applicable to this case, as well as the findings of fact supported by evidence in the record.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed as Case No. PUR-2022-00011.
- (2) All pleadings, briefs, or other documents required to be served in this matter shall be submitted electronically to the extent authorized by Rule 5 VAC 5-20-150, *Copies and format*, of

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<sup>10</sup> See, e.g., *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Electronic Service of Commission Orders*, Case No. CLK.-2020-00004, 2020 S.C.C. Ann. Rept. 76, Order Concerning Electronic Service of Commission Orders (Mar. 19, 2020), *extended by* 2020 S.C.C. Ann. Rept. 77, Order Regarding the State Corporation Commission's Revised Operating Procedures During COVID-19 Emergency (May 11, 2020); *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: Revised Operating Procedures During COVID-19 Emergency*, Case No. CLK.-2020-00005, 2020 S.C.C. Ann. Rept. 77, Order Regarding the State Corporation Commission's Revised Operating Procedures During COVID-19 Emergency (Mar. 19, 2020) ("Revised Operating Procedures Order"), *extended by* 2020 S.C.C. Ann. Rept. 78, Order Regarding the State Corporation Commission's Revised Operating Procedures During COVID-19 Emergency (May 11, 2020); *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Electronic service among parties during COVID-19 emergency*, Case No. CLK-2020-00007, 2020 S.C.C. Ann. Rept. 79, Order Requiring Electronic Service (Apr. 1, 2020).

the Commission's Rules of Practice. Confidential and Extraordinarily Sensitive Information shall not be submitted electronically and should comply with 5 VAC 5-20-170, *Confidential information*, of the Rules of Practice. Any person seeking to hand deliver and physically file or submit any pleading or other document shall contact the Clerk's Office Document Control Center at (804) 371-9838 to arrange the delivery.<sup>11</sup>

(3) Pursuant to 5 VAC 5-20-140, *Filing and service*, of the Rules of Practice, the Commission directs that service on parties and Staff in this matter shall be accomplished by electronic means. Concerning Confidential or Extraordinarily Sensitive Information, all parties and Staff are instructed to work together to agree upon the manner in which documents containing such information shall be served upon one another, to the extent practicable, in an electronically protected manner, even if such information is unable to be filed in the Office of the Clerk, so that no party or Staff is impeded from preparing its case.

(4) As provided by § 12.1-31 of the Code and Rule 5 VAC 5-20-120, *Procedure before hearing examiners*, of the Rules of Practice, a Hearing Examiner is appointed to rule on any discovery matters that may arise during the course of this proceeding.

(5) On or before March 11, 2022, VNG shall cause a copy of the following notice to be published as display advertising (not classified) on one occasion in newspapers of general circulation throughout the Company's service territory within the Commonwealth of Virginia:

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<sup>11</sup> As noted in the Commission's Revised Operating Procedures Order, submissions to the Commission's Clerk's Office via U.S. mail or commercial mail equivalents may be subject to delayed processing due to the COVID-19 public health issues.

NOTICE TO THE PUBLIC OF AN APPLICATION BY  
 VIRGINIA NATURAL GAS, INC., FOR AUTHORITY TO  
 AMEND ITS CONSERVATION AND  
 RATEMAKING EFFICIENCY PLAN  
CASE NO. PUR-2022-00011

On January 28, 2022, pursuant to Chapter 25 of Title 56 of the Code of Virginia, §§ 56-600 *et seq.* ("CARE Act"), the Rules Governing Utility Rate Applications and Annual Informational Filings of the State Corporation Commission ("Commission"), and the Commission's April 12, 2019 Final Order issued in Case No. PUR-2018-00194, Virginia Natural Gas, Inc. ("VNG" or "Company"), by counsel, filed an application ("Application") for approval to amend and extend its current natural gas conservation and ratemaking efficiency plan ("CARE Plan"). VNG refers to its currently approved CARE Plan as Phase 4 and the amendment requested in the Application as Phase 5. Pursuant to Code § 56-602 B, the Commission is required to approve or deny the Application within 120 days.

In its Application, the Company proposes to extend the main components of Phase 4 and allow customers to continue to have the opportunity to participate. Additionally, VNG proposes to (1) diversify and stratify the rebates available to customers under the Residential Home Incentive program by adding rebates for tankless water heaters as well as incorporating two-tier rebate levels for the tankless water heater and furnace rebates, (2) update the Home Energy Audit Program to offer three different kits to customers throughout Phase 5 instead of having only one kit available each year and rotating the kit contents as is currently done in Phase 4, and (3) add a Home Energy Report Program and a Low-Income Home Energy Report Program (together, the "HER Programs") which are behavioral energy efficiency programs designed to help customers reduce their energy needs by encouraging them to alter their natural gas usage habits through positive reinforcement.

The Company states that the proposed increase in the overall budget from Phase 4 to Phase 5 is projected to go from \$1.35 million to \$3.1 million. The Company represents that the typical residential customer will see a monthly bill increase of approximately \$0.17 per month, compared to the current Phase 4 program, and that the overall cost of the program will be below \$4 per year for a typical residential customer.

In its Application, the Company states that its only proposed modification to the Company's Commission approved CARE Plan decoupling and program cost recovery mechanism, designated Rider D, is a change in the per CCF rate cap from \$0.09 to \$0.13 based on the rates approved in VNG's most recent base rate case, Case No. PUR-2020-00095.

If approved by the Commission, the Company proposes to implement its amended CARE Plan effective June 1, 2022, for the three-year period ending May 31, 2025. In its Application, the Company asserts that the amended CARE Plan will have no impact on the rate design previously adopted by the Commission.

The details of these and other proposals are set forth in the Company's Application. Interested persons are encouraged to review the Company's Application and supporting testimony and exhibits for the details of these proposals.

TAKE NOTICE that the Commission may apportion revenues among customer classes and/or design rates in a manner differing from that shown in the Application and supporting documents and thus may adopt rates that differ from those appearing in the Company's Application and supporting documents.

The Commission entered an Order for Notice and Comment that, among other things, directed the Company to provide notice to the public and provided interested persons an opportunity to comment on the Company's Application.

The Commission has taken judicial notice of the ongoing public health issues related to the spread of the coronavirus, or COVID-19. In accordance therewith, all pleadings, briefs, or other documents required to be served in this matter should be submitted electronically to the extent authorized by 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice. Confidential and Extraordinarily Sensitive Information shall not be submitted electronically and should comply with 5 VAC 5-20-170, *Confidential information*, of the Rules of Practice. Any person seeking to hand deliver and physically file or submit any pleading or other document shall contact the Clerk's Office Document Control Center at (804) 371-9838 to arrange the delivery.

Pursuant to 5 VAC 5-20-140, *Filing and service*, of the Rules of Practice, the Commission has directed that service on parties and the Commission's Staff in this matter shall be

accomplished by electronic means. Please refer to the Commission's Order for Notice and Comment for further instructions concerning Confidential or Extraordinarily Sensitive Information.

An electronic copy of the Application may be viewed on the Commission's website or obtained, at no charge, by submitting a written request to counsel for the Company: Elaine S. Ryan, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219, [eryan@mcguirewoods.com](mailto:eryan@mcguirewoods.com).

On or before March 25, 2022, any interested person or entity may submit comments on VNG's Application with the Clerk of the Commission by following the instructions on the Commission's website:

[scc.virginia.gov/casecomments/Submit-Public-Comments](http://scc.virginia.gov/casecomments/Submit-Public-Comments). Those unable, as a practical matter, to submit comments electronically may file such comments by U.S. mail to the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. All such comments shall refer to Case No. PUR-2022-00011.

On or before March 25, 2022, any interested person or entity may participate as a respondent in this proceeding by filing a notice of participation with the Clerk of the Commission at: [scc.virginia.gov/clk/efiling/](http://scc.virginia.gov/clk/efiling/). Those unable, as a practical matter, to file a notice of participation electronically may file such notice by U.S. mail to the Clerk of the Commission at the address listed above. Such notice of participation shall include the email addresses of such parties or their counsel, if available. Pursuant to 5 VAC 5-20-80 B, *Participation as a respondent*, of the Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent must be represented by counsel as required by 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2022-00011. For additional information about participation as a respondent, any person or entity should obtain a copy of the Commission's Order for Notice and Comment.

On or before March 25, 2022, any interested person or entity may file, with the Clerk of the Commission at [scc.virginia.gov/clk/efiling/](http://scc.virginia.gov/clk/efiling/), a request that the Commission convene a hearing on VNG's Application. Those unable, as a



practical matter, to file a request for hearing electronically may file such request for hearing by U.S. mail to the Clerk of the Commission at the address listed above. Such request for hearing shall include the email address of the filer or its counsel if available, and shall include: (i) a precise statement of the filing party's interest in the proceeding; (ii) a statement of the specific action sought to the extent then known; (iii) a statement of the legal basis for such action; and (iv) a precise statement why a hearing should be conducted in this matter. All such filings shall refer to Case No. PUR-2022-00011.

A copy of any notice of participation or any request for hearing simultaneously shall be sent to counsel for the Company electronically at the email address set forth above.

The Company's Application and other documents filed in this case, the Commission's Rules of Practice, and the Commission's Order for Notice and Comment may be viewed at: [scc.virginia.gov/pages/Case-Information](http://scc.virginia.gov/pages/Case-Information).

VIRGINIA NATURAL GAS, INC.

(6) On or before March 11, 2022, VNG shall serve a copy of its Application and this Order for Notice and Comment on the following local officials, to the extent the position exists, in each county, city, and town in which VNG provides service in the Commonwealth of Virginia: the chairman of the board of supervisors of each county; the mayor or manager (or equivalent official) of every city or town; and the county, city, or town attorney. Service shall be made electronically where possible; if electronic service is not possible, service shall be made by either personal delivery or first-class mail to the customary place of business or residence of the person served.

(7) On or before March 25, 2022, VNG shall file proof of the notice and service required by Ordering Paragraph (5) and (6) above, including the name, title, address, and electronic mail address (if applicable) of each official served, with the Clerk of the Commission at [scc.virginia.gov/clk/efiling/](http://scc.virginia.gov/clk/efiling/).

(8) On or before March 25, 2022, any interested person or entity may submit comments on VNG's Application with the Clerk of the Commission by following the instructions on the Commission's website: [scc.virginia.gov/casecomments/Submit-Public-Comments](http://scc.virginia.gov/casecomments/Submit-Public-Comments). Those unable, as a practical matter, to submit comments electronically may file such comments by U.S. mail to the by U.S. mail to the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. All comments shall refer to Case No. PUR-2022-00011.

(9) On or before March 25, 2022, any interested person or entity may participate as a respondent in this proceeding by filing a notice of participation with the Clerk of the Commission at: [scc.virginia.gov/clk/efiling](http://scc.virginia.gov/clk/efiling). Those unable, as a practical matter, to file a notice of participation electronically may file such notice by U.S. mail to the Clerk of the Commission at the address listed above. Such notice of participation shall include the email addresses of such parties or their counsel, if available. Pursuant to 5 VAC 5-20-80 B, *Participation as a respondent*, of the Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent must be represented by counsel as required by 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2022-00011.

(10) On or before March 25, 2022, any interested person or entity may file, with the Clerk of the Commission at: [scc.virginia.gov/clk/efiling/](http://scc.virginia.gov/clk/efiling/), a request that the Commission convene a hearing on the Company's Application. Those unable, as a practical matter, to file a request for hearing electronically may file such request for hearing by U.S. mail to the Clerk of

the Commission at the address listed above. Such request for hearing shall include the email address of the filer or its counsel, if available. Requests for hearing must include: (i) a precise statement of the filing party's interest in the proceeding; (ii) a statement of the specific action sought to the extent then known; (iii) a statement of the legal basis for such action; and (iv) a precise statement why a hearing should be conducted in this matter. All such filings shall refer to Case No. PUR-2022-00011.

(11) A copy of any request for hearing or any notice of participation simultaneously shall be sent to counsel for the Company, Elaine S. Ryan, Esquire, and Timothy D. Patterson, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219, [eryan@mcguirewoods.com](mailto:eryan@mcguirewoods.com), [tpatterson@mcguirewoods.com](mailto:tpatterson@mcguirewoods.com).

(12) On or before April 1, 2022, VNG shall file with the Clerk of the Commission a response to any request for hearing filed in this docket.

(13) Staff shall investigate the Application. On or before April 15, 2022, Staff shall file with the Clerk of the Commission a Staff Report containing its findings and recommendations, and Staff promptly shall serve a copy of the same on counsel to the Company and all respondents.

(14) On or before April 29, 2022, VNG may file with the Clerk of the Commission any response to the Staff Report and any comments filed in this proceeding.

(15) All documents filed in paper form with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, except as modified herein, all filings shall comply fully with the requirements of 5 VAC 5-20-150, *Copies and format*, of the Rules of Practice.

(16) The Company shall respond to written interrogatories or requests for the production of documents within five (5) business days after the receipt of the same. In addition to the service requirements of 5 VAC 5-20-260, *Interrogatories or requests for production of documents and things*, of the Rules of Practice, on the day that copies are filed with the Clerk of the Commission, a copy of the interrogatory or request for production shall be served electronically on the party to whom the interrogatory or request for production is directed or the assigned Staff attorney, if the interrogatory or request for production is directed to Staff.<sup>12</sup> Except as so modified, discovery shall be in accordance with Part IV of the Commission's Rules of Practice.

(17) This matter is continued.

A COPY hereof shall be sent electronically by the Clerk of the Commission to: Elaine S. Ryan, Esquire, and Timothy D. Patterson, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219, [eryan@mcguirewoods.com](mailto:eryan@mcguirewoods.com), [tpatterson@mcguirewoods.com](mailto:tpatterson@mcguirewoods.com); Elizabeth B. Wade, Esquire, Southern Company Gas, Ten Peachtree Place, Atlanta, Georgia 30309, [ewade@southernco.com](mailto:ewade@southernco.com); and C. Meade Browder, Jr., Senior Assistant Attorney General, Office of the Attorney General, Division of Consumer Counsel, 202 North Ninth Street, Richmond, Virginia 23219, [MBrowder@oag.state.va.us](mailto:MBrowder@oag.state.va.us); and a copy shall be delivered to the Commission's Office of General Counsel and Divisions of Public Utility Regulation and Utility Accounting and Finance.

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<sup>12</sup> The assigned Staff attorney is identified on the Commission's website, [scc.virginia.gov/pages/Case-Information](http://scc.virginia.gov/pages/Case-Information), by clicking "Docket Search," then clicking "Search by Case Information," and entering the case number, PUR-2022-00011, in the appropriate box.